

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-96352; File No. SR-IEX-2022-10)

November 18, 2022

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Proposed Rule Change to Modify IEX Rule 11.190(b)(7)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 4, 2022 the Investors Exchange LLC (“IEX” or the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) under the Act,<sup>3</sup> and Rule 19b-4 thereunder,<sup>4</sup> the Exchange is filing with the Commission a proposed rule change to provide Members<sup>5</sup> the option of having Discretionary Limit orders automatically cancel or re-price in certain circumstances.

The text of the proposed rule change is available at the Exchange’s website at [www.iextrading.com](http://www.iextrading.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(1).

<sup>4</sup> 17 CFR 240.19b-4.

<sup>5</sup> See IEX Rule 1.160(s).

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule filing is to amend IEX Rule 11.190(b)(7) to allow Users<sup>6</sup> to attach an optional instruction to any Discretionary Limit<sup>7</sup> (“D-Limit”) order to either re-price or cancel an order that was price adjusted during a period of quote instability<sup>8</sup>, if, ten (10) milliseconds after the most recent quote instability determination<sup>9</sup> that resulted in the order being price adjusted, the order is resting at a price that is less aggressive than the NBB<sup>10</sup> (NBO<sup>11</sup>) for buy (sell) orders.

Background

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<sup>6</sup> See IEX Rule 1.160(qq). Users include both Members and Sponsored Participants, see IEX Rule 1.160(ll), but the terms “Member” and “User” are used interchangeably in this filing.

<sup>7</sup> See IEX Rule 11.190(b)(7).

<sup>8</sup> See IEX Rule 11.190(g).

<sup>9</sup> Id.

<sup>10</sup> See IEX Rule 1.160(u).

<sup>11</sup> See IEX Rule 1.160(u).

In October 2020<sup>12</sup>, IEX introduced the D-Limit order type<sup>13</sup>, which is designed to help protect liquidity providers from potential adverse selection during periods of quote instability in a fair and nondiscriminatory manner.<sup>14</sup> A D-Limit order may be a displayed or non-displayed limit order that upon entry and when posting to the Order Book<sup>15</sup> is priced to be equal to and ranked at the order's limit price, but will be adjusted to a less-aggressive price during periods of quote instability, as defined in IEX Rule 11.190(g).<sup>16</sup>

Specifically, if the System<sup>17</sup> receives a D-Limit buy (sell) order during a period of quote instability (i.e., the Crumbling Quote Indicator or "CQI" is on), and the D-Limit order has a limit price equal to or higher (lower) than the quote instability determination price level ("CQI Price"), the price of the order will be automatically adjusted by the System to one (1) minimum price variation ("MPV")<sup>18</sup> lower (higher) than the CQI Price.<sup>19</sup> Similarly, when unexecuted shares of a D-Limit buy (sell) order are posted to the Order Book, if a quote instability determination is made and such shares are ranked and displayed (in the case of a displayed order) by the System at a price equal to or higher (lower) than the CQI Price, the price of the order will be automatically adjusted by the System to a price one MPV lower (higher) than the quote

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<sup>12</sup> See IEX Trading Alert 2020-029, available at <https://iextrading.com/alerts/#/126>.

<sup>13</sup> See Securities Exchange Act Release No. 89686 (August 26, 2020), 85 FR 54438 (September 1, 2020) (SR-IEX-2019-15) ("D-Limit Approval Order").

<sup>14</sup> See Securities Exchange Act Release No. 87814 (December 20, 2019), 84 FR 71997, 71998 (December 30, 2019) (SR-IEX-2019-15) ("D-Limit Proposal").

<sup>15</sup> See IEX Rule 1.160(p).

<sup>16</sup> See IEX Rules 11.190(b)(7) and 11.190(g).

<sup>17</sup> See IEX Rule 1.160(nn).

<sup>18</sup> See IEX Rule 11.210.

<sup>19</sup> See IEX Rule 11.190(b)(7)(A) and (B).

instability price level.<sup>20</sup>

Currently, a D-Limit order that has been subject to an automatic price adjustment will not revert to the price at which it was previously ranked and displayed (in the case of a displayed order). Rather, once the price of a D-Limit order that has been posted to the Order Book is automatically adjusted by the System, the order will continue to be ranked and displayed (in the case of a displayed order) at the adjusted price, unless subject to another automatic adjustment, or if the order is subject to the price sliding provisions of IEX Rule 11.190(h).<sup>21</sup> Whenever the price of a D-Limit order is adjusted the order will receive a new time priority. If multiple D-Limit orders are adjusted at the same time, their relative time priority will be maintained. Further, when the price of a D-Limit order is adjusted, the Member that entered the order receives an order restatement message from the Exchange notifying the Member of the price adjustment.<sup>22</sup>

IEX is proposing optional functionality that will facilitate the ability of some Members to manage their use of D-Limit orders. Some Members that use D-Limit orders have informed IEX that they cannot readily configure their trading systems to receive, process, and respond to the restatement messages IEX transmits to Members after each price adjustment. They note that their trading systems are not currently configured to ingest the D-Limit restatement messages (and, in some cases, other restatement messages), and they would have to devote significant resources to build the logic in order to ingest, and respond to, the messages for this one order type. In these cases, the Members are unable to track whether their D-Limit orders have been re-

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<sup>20</sup> See IEX Rule 11.190(b)(7)(C) and (D).

<sup>21</sup> See IEX Rule 11.190(b)(7)(E).

<sup>22</sup> A restatement message is an automated message from the Exchange System informing the Member that the price of its order has been adjusted.

priced, and if so, the price at which they are currently resting. Without this information, IEX understands that such Members are hindered in their ability to timely cancel or adjust the prices of their resting D-Limit orders to meet their trading objectives. To address this issue, some Members have requested that IEX provide optional functionality allowing a D-Limit order that has been subject to an automatic price adjustment to be automatically either canceled or re-priced in certain circumstances. Specifically, this option would allow the User to elect to automatically cancel or re-price the order when, ten (10) milliseconds following the quote instability determination that resulted in a price adjustment, it is resting at a price less aggressive than the NBBO.

#### Proposal

Based upon the Member feedback discussed above, IEX proposes to modify IEX Rule 11.190(b)(7) to allow Users to submit a D-Limit order with an optional cancel or re-price instruction. As proposed, if a D-Limit order that is entered with the optional instruction was subject to an automatic price adjustment pursuant to IEX Rule 11.190(b)(7)(A)-(D) and is resting at a price that is less aggressive than the NBBO ten (10) milliseconds after the most recent quote instability determination that resulted in the order being price adjusted, the order will either be canceled or re-priced to the less aggressive of the order's limit price or the NBB (for a buy order) or NBO (for a sell order), as specified by the User.

Additionally, displayed D-Limit orders that re-price to the NBB (for a buy order) or the NBO (for a sell order) will be subject to IEX's Display-Price Sliding rule<sup>23</sup>, and will be displayed at the "most aggressive permissible price" without locking or crossing a Protected

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<sup>23</sup> See IEX Rule 11.190(b)(h)(1).

Quotation<sup>24</sup> of an away market, which means they will be priced one MPV less aggressive than the locking<sup>25</sup> or crossing<sup>26</sup> price. Non-displayed D-Limit orders that re-price to the NBB (for a buy order) or the NBO (or a sell order) will be subject to IEX's Non-Displayed Price Sliding rule, which means they will be able to post at the locking or crossing price.<sup>27</sup>

Specifically, IEX proposes to add a new subsection (E) to IEX Rule 11.190(b)(7), to provide as follows:

- (E) Cancel/Re-price Functionality. Users may attach an optional instruction to a Discretionary Limit order to either re-price or cancel an order that was price adjusted pursuant to subparagraphs (A)-(D) above if the buy (sell) order is resting at a price that is less aggressive than the NBB (NBO) ten (10) milliseconds after the most recent quote instability determination, pursuant to paragraph (g) of this IEX Rule 11.190, that resulted in the order being price adjusted pursuant to subparagraphs (A)-(D) above, as set forth in subparagraph (i) or (ii) below.
- (i) Re-price. A buy (sell) order with the optional re-price instruction will be automatically re-priced to the less aggressive of the order's limit price or the NBB (NBO).
  - (ii) Cancel. An order with the optional cancel instruction will be automatically canceled.<sup>28</sup>

IEX also proposes to renumber subparagraph (E) of IEX Rule 11.190(b)(7) as subparagraph (F) of the rule, and to amend the new subparagraph (F) to reflect that price adjusted D-Limit orders will remain at the adjusted price, "unless subject to another automatic adjustment pursuant to subparagraphs (C) – (D) above, or the optional re-price functionality described in subparagraph (E), above."<sup>29</sup>

In determining how long to wait before applying the optional cancel or re-price

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<sup>24</sup> See IEX Rule 1.160(bb).

<sup>25</sup> See IEX Rule 11.190(b)(h)(3)(A)(ii).

<sup>26</sup> See IEX Rule 11.190(b)(h)(3)(B)(ii).

<sup>27</sup> See IEX Rule 11.190(b)(h)(2).

<sup>28</sup> See Proposed IEX Rule 11.190(b)(7)(E).

<sup>29</sup> See Proposed IEX Rule 11.190(b)(7)(F).

functionality to a D-Limit order, IEX considered how long it would take for a User to cancel or re-price a D-Limit order itself after receiving and processing a restatement message. Specifically, IEX selected a time frame that would not give Users utilizing the proposed cancel or pre-price functionality any speed advantage over Users handling the cancel or re-price process themselves. IEX notes that all outbound messages sent from the Exchange to Users are subject to 37 microseconds of latency,<sup>30</sup> and all inbound messages sent from Users to the Exchange are subject to 350 microseconds latency, totaling 387 microseconds.<sup>31</sup> This “round trip” latency is more than nine (9) milliseconds less than the 10-millisecond time than the time frame proposed by IEX to trigger the optional cancel or re-price functionality as described herein. IEX believes that this time differential is materially longer than the amount of time needed for a User to ingest and process the restatement message and determine whether to cancel or re-price its D-Limit order. The timing differential is designed to ensure that orders canceled or re-priced by IEX have no advantage over orders canceled or repriced by a User that processed the restatement message. To the contrary, the Exchange would cancel or re-price orders more slowly than orders canceled or re-priced by a User.

Additionally, IEX considered the fact that each time the CQI determines that a quote is unstable, that period of quote instability can last as long as two (2) milliseconds but that most price changes within the predicted direction happen within ten (10) milliseconds after the determination.<sup>32</sup> Thus, IEX believes that a ten (10) millisecond waiting period before a D-Limit

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<sup>30</sup> See IEX Rule 11.510(a).

<sup>31</sup> See IEX Rule 11.510(a).

<sup>32</sup> See IEX Rule 11.190(g). In June 2022, for all CQI determinations where the relevant quote moved in the predicted direction, 67% did so within 10 milliseconds (*i.e.*, to a lower price for an NBB determination or a higher price for an NBO determination). After 10 milliseconds, IEX observed significantly diminishing returns with respect to the rate of capturing additional quote moves and therefore believes that 10 milliseconds is a

order that was subject to an automatic price adjustment is canceled or re-priced, if the User included the optional cancel or re-price instruction with the order, is reasonable. As noted above, this amount of time is materially longer than it would take for a User to adjust the terms of an order subject to price adjustment on its own, but not so long a time period that it would leave an impacted order at a less competitive<sup>33</sup> price for an extended period of time. Moreover, based on informal feedback from Members that indicated they might use the proposed functionality, IEX believes that this time frame is consistent with their D-Limit trading strategies.

The following example, demonstrates how this functionality would work:

- Market is \$10.10 x \$10.20
- Order A, a non-displayed D-Limit buy order with limit price of \$10.11 (and re-price instruction) arrives, and books at \$10.11.
- Order B, a displayed D-Limit buy order with limit price of \$10.08 (and re-price instruction) arrives, and books at \$10.08.
- Order C, a non-displayed D-Limit buy order with limit price of \$10.10 (and cancel instruction) arrives, and books at \$10.10.
- IEX makes a quote instability determination for the bid with a CQI Price of \$10.10.
- Orders A and C are price adjusted to \$10.09, one MPV less than the CQI Price. Order B continues to rest at \$10.08.
- After 3 milliseconds, the NBB drops to \$10.09. No changes to Orders A, B, or C.
- After 3 more milliseconds, the NBB returns to \$10.10. No changes to Orders A,

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reasonable cutoff for the cancel/re-price functionality.

<sup>33</sup> During periods of quote instability, D-Limit orders moved to a price less aggressive than the NBB (NBO) for bids (offers) are less likely to execute (although they could, for example, match with a large Intermarket Sweep Order that clears out all liquidity resting at more aggressive prices, see IEX Rule 11.190(b)(12)). Under this proposal, 10 milliseconds after the last quote instability determination, when the market for a particular security is likely more stable, IEX will act on the User's instructions to either re-price the D-Limit order to a more competitive price (the NBB (NBO) for bids (offers)) or cancel the order back to the User.

B, or C.

- After 4 more milliseconds (i.e., 10 milliseconds after the most recent quote instability determination that resulted in Orders A and C being price adjusted) the NBB remains at \$10.10. Orders A and C are now resting at a price less aggressive than the NBB and therefore subject to re-pricing or cancellation pursuant to the User instructions. Order A re-prices to \$10.10 (the less aggressive of the NBB or its limit price) and Order C cancels. Order B remains unchanged because it was never subject to an automatic price adjustment and, even though resting at a price less aggressive than the NBB, is not subject to re-pricing notwithstanding its User instruction.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>34</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>35</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because it is designed to provide more flexibility and opportunities for Members to add both displayed and non-displayed liquidity to the Exchange. As noted in the Purpose section, the proposed rule change is responsive to informal feedback from some Members, stating that they cannot readily configure their trading systems to receive, process, and respond to D-Limit restatement messages IEX transmits to Members after each price adjustment. In these cases, the Members are unable to track whether their D-Limit orders have been re-priced, and if so, the price at which they are currently resting. Without this

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<sup>34</sup> 15 U.S.C. 78f(b).

<sup>35</sup> 15 U.S.C. 78f(b)(5).

information, IEX understands that such Members are hindered in their ability to timely cancel or adjust the prices of their resting D-Limit orders to meet their trading objectives. To address this issue, impacted Members have requested that IEX provide optional functionality allowing a D-Limit order that has been subject to an automatic price adjustment to be automatically either canceled or re-priced in certain circumstances. Specifically, this option would allow the User to elect to automatically cancel or re-price the order when, ten (10) milliseconds following the most recent quote instability determination that resulted in a price adjustment, it is resting at a price less aggressive than the NBBO.

By providing additional functionality to enable Members to more effectively manage D-Limit orders, IEX believes that the proposed rule change will promote more aggressive pricing that may attract additional liquidity to the Exchange and, to the extent it is successful in doing so, will benefit all market participants, thereby supporting the purposes of the Act to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest. Specifically, for Users that utilize the proposed optional re-price functionality, their D-Limit orders will be priced at more aggressive prices that are more likely to execute during periods of quote stability. Similarly, IEX believes that Users that utilize the proposed optional cancel functionality are more likely to resubmit some or all of those orders with more aggressive prices following cancellation, which are also more likely to execute during periods of quote stability.

The Exchange further believes that the proposed rule change is consistent with the Act because it would be available to all Members on a fair, equal and nondiscriminatory basis regardless of their technological sophistication. Moreover, the proposal is designed to incentivize the entry of additional D-Limit orders by providing the additional optional functionality to

support Members' ability to manage such orders. To the extent that such incentive is successful, all market participants, including takers of liquidity, will benefit.

The Exchange also believes that the proposed rule change is consistent with the protection of investors and the public interest because the circumstances under which a D-Limit order will be adjusted are narrowly tailored, transparent, and predictable, as described in the Purpose section.

Further, the Exchange believes that the proposed functionality is similar to existing functionality on IEX and other exchanges wherein the price of an order is adjusted based on user instructions. These include price sliding and cancellation provisions to address locked and crossed markets, LULD bands<sup>36</sup>, Regulation SHO<sup>37</sup>, anti-internalization, and pegged orders. As described more fully below, it is well established that exchanges can permit market participants to enter orders with a forward-looking instruction whereby the exchange will re-price or cancel an order in the future, under specified circumstances. IEX believes that the proposed rule change is substantially similar to these existing functionalities.

IEX and other exchanges accept certain types of users' order instructions to prevent an incoming displayed order from locking or crossing an away market's Protected Quotation. While all exchanges have rules designed to prevent an incoming displayed order locking or crossing an away market's Protected Quotation, as required by Regulation NMS, some exchanges also provide users with various options for price adjusting or canceling an order that

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<sup>36</sup> See IEX Rules 11.190(h)(5) and 11.280(e)(5)(B) (displayed and non-displayed limit orders priced above (below) the upper (lower) Limit Up-Limit Down ("LULD") bands are automatically re-priced to the upper (lower) LULD price band.

<sup>37</sup> See IEX Rule 11.190(h)(4) (short sale orders not marked short exempt that cannot be executed or displayed in compliance with Rule 201 of Regulation SHO are re-priced to a price equal to one MPV above the current NBB).

would otherwise lock or cross an away market. For example, MEMX LLC (“MEMX”) and MIAX PEARL LLC (“PEARL”) allow users to specify that a displayed order subject to price sliding will be cancelled upon entry to avoid crossing the market, instead of being re-priced.<sup>38</sup> Additionally, MEMX and PEARL offer an optional “multiple price sliding” instruction for displayed orders. If one of their members does not opt in to “multiple price sliding”, MEMX or PEARL will adjust the order’s price two times to prevent a lock or cross of an away market Protected Quotation, after which time it will cancel the order if a third re-pricing is required by changes in the NBBO.<sup>39</sup> But if the User includes the “multiple price sliding” instruction, both MEMX and PEARL will continue to adjust the price indefinitely as required by NBBO changes.<sup>40</sup> This logic also applies to displayed orders that are priced outside of the LULD Bands. Based on a user’s instructions, MEMX or PEARL will cancel an order priced outside of the LULD bands, re-price the displayed order up to two times and cancel the order if a third re-pricing is required by changes in the NBBO (if the order does not have a “multiple price sliding” instruction), or continue to adjust the order’s price.<sup>41</sup>

Further, IEX and other exchanges permit entry of a non-displayed order with a minimum quantity instruction to cancel remaining, which means a partial execution will result in the order being canceled if the number of shares remaining do not satisfy the order’s minimum quantity requirement.<sup>42</sup>

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<sup>38</sup> See MEMX Rule 11.6(j)(A)(i) and PEARL Rule 2614(g)(1)(C).

<sup>39</sup> See supra note 38.

<sup>40</sup> See supra note 38.

<sup>41</sup> See MEMX Rule 11.16(e)(5)(B) and PEARL Rule 2622(e).

<sup>42</sup> See, e.g., IEX Rule 11.190(b)(11)(G)(i); see also MEMX Rule 11.6(f); PEARL Rule 2614(c)(7)

Additionally, some exchange order types allow a user to submit an order with specific instructions about how much the order's price can be adjusted to match with contra-side interest. For example, Cboe BZX Exchange, Inc. ("BZX") has a discretionary order type that is a displayed or non-displayed limit order with a user submitted "discretionary price," which is a non-displayed offset amount at which the user is willing to buy or sell.<sup>43</sup> The aggressiveness of the user-selected discretionary price will impact the likelihood that a discretionary order will execute. Similarly, Cboe EDGX Exchange Inc. ("EDGX") offers a midpoint discretionary order ("MDO") with optional quote depletion protection ("QDP").<sup>44</sup> A MDO behaves like IEX's Discretionary Peg order type<sup>45</sup> in that the order is usually able to exercise discretion up to the Midpoint Price.<sup>46</sup> However, EDGX users may submit their MDO orders with the optional QDP instruction, which will prevent the MDO from exercising any discretion for a period of two milliseconds after the best bid (offer) displayed on EDGX's order book is executed for less than one round lot.<sup>47</sup> Therefore, the EDGX user submitting the MDO order can instruct the exchange to not let the order execute at more aggressive prices under specific market conditions unknown to the user at the time the order was submitted.

Finally, pegged orders such as Midpoint Peg<sup>48</sup> and Primary Peg<sup>49</sup> orders, which peg to the

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<sup>43</sup> See BZX Rule 11.9(c)(10).

<sup>44</sup> See EDGX Rule 11.8(g).

<sup>45</sup> See IEX Rule 11.190(b)(10).

<sup>46</sup> See IEX Rule 1.160(t).

<sup>47</sup> See EDGX Rule 11.8(g)(10). By contrast an IEX Discretionary Peg order will never exercise discretion during a period of quote instability as defined in IEX Rule 11.190(b)(10)(K).

<sup>48</sup> See IEX Rule 11.190(b)(9).

<sup>49</sup> See IEX Rule 11.190(b)(8).

Midpoint Price<sup>50</sup> and one MPV less aggressive than the NBB (NBO) for buy (sell) orders, respectively, are examples of an IEX User instructing the Exchange to re-price orders in response to future changes in the NBBO. IEX believes that the proposed optional re-pricing functionality is analogous because, as with pegging orders, the re-pricing is to the best bid or best offer. And IEX notes that several other exchanges have displayed order types that are pegged to the NBBO and thus subject to price adjustments as the NBBO changes.<sup>51</sup>

IEX believes that these examples described above demonstrate there is precedent for exchanges providing an ability for market participants to enter orders with a forward-looking instruction whereby the exchange will re-price or cancel an order in the future, under specified circumstances. IEX further believes that the proposed rule change is consistent with these exchanges' rule-based practices. As proposed, an IEX Member would simply be able to optionally instruct the Exchange to re-price or cancel a D-Limit order under specified circumstances.

Accordingly, based on the forgoing, the Exchange does not believe that the proposed rule change raises any novel issues not already considered by the Commission.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the proposal is designed to enhance IEX's competitiveness with other

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<sup>50</sup> See IEX Rule 1.160(t).

<sup>51</sup> See, e.g., Cboe EDGA, Inc. Equity ("EDGA") Rule 11.8(e) and the Nasdaq Stock Market LLC ("Nasdaq") Rule 4703(g).

markets by further enhancing IEX's D-Limit order type functionality. As discussed in the Purpose section, the proposal is designed to incentivize the entry of additional liquidity providing orders on IEX by offering Members the flexibility of including an optional instruction to either cancel or re-price a D-Limit order that has been price adjusted during a period of quote instability, if 10 milliseconds after the most recent quote instability determination that resulted in a price adjustment, the order is priced less aggressively than the NBB (NBO) for buy (sell) orders. By giving more opportunities to Members to make their D-Limit orders more competitive (if not canceled) after a period of quote instability ends, IEX believes this proposal will enhance opportunities for price discovery and increase the overall displayed (and non-displayed) liquidity profile on the Exchange, to the benefit of all market participants.

The Exchange also does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. All Members would be eligible to include the optional cancel or re-price instruction on any or all of their D-Limit orders in the same manner. Moreover, the proposal would provide potential benefits to all Members to the extent that there is more liquidity available on IEX as a result of increased use of D-Limit orders attributable to the ability to enter such orders with optional cancellation or re-pricing instructions.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days of such date (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which

the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-IEX-2022-10 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-IEX-2022-10. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-IEX-2022-10, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>52</sup>

Sherry R. Haywood,  
Assistant Secretary.

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<sup>52</sup> 17 CFR 200.30-3(a)(12).